State of Arizona House of Representatives Forty-eighth Legislature Second Regular Session 2008

HOUSE BILL 2836

AN ACT

AMENDING SECTIONS 14-5314, 14-5414, 14-5414.01, 14-5419 AND 14-5425, ARIZONA REVISED STATUTES; RELATING TO GUARDIANS AND CONSERVATORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 14-5314, Arizona Revised Statutes, is amended to read:

14-5314. <u>Compensation of appointees: definitions</u>

- A. If not otherwise compensated for services rendered, an investigator, accountant, lawyer, physician, registered nurse practitioner, PSYCHOLOGIST OR guardian or temporary guardian WHO IS appointed pursuant to this article, INCLUDING AN INDEPENDENT LAWYER REPRESENTING THE ALLEGED INCAPACITATED PERSON PURSUANT TO SECTION 14-5303, SUBSECTION C, is entitled to reasonable compensation from the estate of the ward if the petition is granted, or from the petitioner if the petition is denied.
- B. IF THE PETITIONER WITHDRAWS THE PETITION OR IF THE PETITION IS DISMISSED BECAUSE OF THE PETITIONER'S FAILURE TO PROSECUTE, THE COURT MAY ORDER THAT THE COMPENSATION OF THE INVESTIGATOR, ACCOUNTANT, LAWYER, PHYSICIAN, REGISTERED NURSE, PSYCHOLOGIST OR GUARDIAN APPOINTED PURSUANT TO THIS ARTICLE, INCLUDING AN INDEPENDENT LAWYER REPRESENTING THE ALLEGED INCAPACITATED PERSON PURSUANT TO SECTION 14-5303, SUBSECTION C, BE PAID EITHER FROM THE WARD'S ESTATE OR BY THE PETITIONER, DEPENDING ON THE FACTS AND CIRCUMSTANCES. IN MAKING THIS DETERMINATION, THE COURT MAY CONSIDER ANY EVIDENCE IT DEEMS APPROPRIATE.
- C. A LAWYER WHO IS EMPLOYED BY THE GUARDIAN TO REPRESENT THE GUARDIAN IN THE GUARDIAN'S APPOINTMENT OR DUTIES AS GUARDIAN IS ENTITLED TO REASONABLE COMPENSATION FROM THE WARD'S ESTATE IF THE PETITION IS GRANTED. IF THE PETITIONER WITHDRAWS THE PETITION OR IF THE COURT DISMISSES THE PETITION BECAUSE OF THE PETITIONER'S FAILURE TO PROSECUTE, THE COURT MAY ORDER THAT THE COMPENSATION OF THE PROPOSED GUARDIAN'S LAWYER BE PAID EITHER FROM THE WARD'S ESTATE OR BY THE PETITIONER, DEPENDING ON THE FACTS AND CIRCUMSTANCES. IN MAKING THESE DETERMINATIONS, THE COURT MAY CONSIDER ANY EVIDENCE IT DEEMS APPROPRIATE.
- D. A LAWYER WHO IS EMPLOYED BY THE PETITIONER TO REPRESENT THE PETITIONER IN SEEKING THE APPOINTMENT OF A GUARDIAN IS ENTITLED TO REASONABLE COMPENSATION FROM THE WARD'S ESTATE IF THE PETITION IS GRANTED.
- E. If the court compensates the provider of a service, the court may charge the estate for the reasonable cost of the service and shall deposit these monies in the probate fund pursuant to section 14-5433.
- B. F. Notwithstanding subsection A of this section, If compensation by the ward or the petitioner is not feasible the court shall determine and pay reasonable compensation for services rendered by an investigator, accountant, lawyer, physician, registered nurse practitioner, PSYCHOLOGIST OR guardian or temporary guardian appointed in a guardianship proceeding.
 - G. FOR THE PURPOSES OF THIS SECTION:
 - 1. "GUARDIAN" INCLUDES BOTH A GUARDIAN AND A TEMPORARY GUARDIAN.
- 2. "PETITION" MEANS A PETITION FILED PURSUANT TO SECTION 14-5303, SUBSECTION A OR SECTION 14-5310, SUBSECTION A.
 - 3. "WARD" INCLUDES AN ALLEGED INCAPACITATED PERSON.

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Sec. 2. Section 14-5414, Arizona Revised Statutes, is amended to read: 14-5414. <u>Compensation and expenses: definitions</u>

- A. If not otherwise compensated for services rendered, any investigator, accountant, lawyer, physician, REGISTERED NURSE, PSYCHOLOGIST OR conservator or special conservator WHO IS appointed in a protective proceeding, INCLUDING A LAWYER OF THE PERSON ALLEGED TO BE IN NEED OF PROTECTION PURSUANT TO SECTION 14-5407, SUBSECTION B, is entitled to reasonable compensation from the estate OF THE PROTECTED PERSON IF THE PETITION IS GRANTED OR FROM THE PETITIONER IF THE PETITION IS DENIED.
- B. IF THE PETITIONER WITHDRAWS THE PETITION OR IF THE COURT DISMISSES THE PETITION BECAUSE OF THE PETITIONER'S FAILURE TO PROSECUTE, THE COURT MAY ORDER THAT THE COMPENSATION OF THE INVESTIGATOR, ACCOUNTANT, LAWYER, PHYSICIAN, REGISTERED NURSE, PSYCHOLOGIST OR CONSERVATOR WHO IS APPOINTED PURSUANT TO THIS ARTICLE, INCLUDING A LAWYER OF THE PERSON ALLEGED TO BE IN NEED OF PROTECTION PURSUANT TO SECTION 14-5407, SUBSECTION B, BE PAID EITHER FROM THE PROTECTED PERSON'S ESTATE OR BY THE PETITIONER, DEPENDING ON THE FACTS AND CIRCUMSTANCES. IN MAKING THESE DETERMINATIONS, THE COURT MAY CONSIDER ANY EVIDENCE IT DEEMS APPROPRIATE.
- C. A LAWYER WHO IS EMPLOYED BY THE CONSERVATOR TO REPRESENT THE CONSERVATOR IN THE CONSERVATOR'S APPOINTMENT OR DUTIES AS CONSERVATOR IS ENTITLED TO REASONABLE COMPENSATION FROM THE ESTATE IF THE PETITION IS GRANTED. IF THE PETITIONER WITHDRAWS THE PETITION OR IF THE PETITION IS DISMISSED BECAUSE OF THE PETITIONER'S FAILURE TO PROSECUTE, THE COURT MAY ORDER THAT THE COMPENSATION OF THE PROPOSED CONSERVATOR'S LAWYER BE PAID EITHER FROM THE PROTECTED PERSON'S ESTATE OR BY THE PETITIONER, DEPENDING ON THE FACTS AND CIRCUMSTANCES. IN DETERMINING WHICH PARTY SHALL PAY, THE COURT MAY CONSIDER ANY EVIDENCE IT DEEMS APPROPRIATE.
- D. A LAWYER WHO IS EMPLOYED BY THE PETITIONER TO REPRESENT THE PETITIONER IN SEEKING THE APPOINTMENT OF A CONSERVATOR IS ENTITLED TO REASONABLE COMPENSATION FROM THE PROTECTED PERSON'S ESTATE IF THE PETITION IS GRANTED.
- E. If the court pays for any of these services it may charge the estate for reasonable compensation. The clerk shall deposit monies it collects in the probate fund pursuant to section 14-5433.
- B. F. Compensation payable to the department of veterans' services, when acting as a conservator of the estate of a veteran or a veteran's surviving spouse or minor child or the incapacitated spouse of a protected veteran, shall not be more than five per cent of the amount of monies received during the period covered by the conservatorship. A copy of the petition and notice of hearing shall be given to the proper officer of the veterans administration in the manner provided in the case of any hearing on a guardian's account or any other pleading. No A commission or compensation shall be IS NOT allowed on the monies or other assets received from a prior conservator nor upon OR ON the amount received from liquidation of loans or other investments.

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- G. FOR THE PURPOSES OF THIS SECTION:
- 1. "CONSERVATOR" INCLUDES A CONSERVATOR, TEMPORARY CONSERVATOR OR SPECIAL CONSERVATOR.
- 2. "PETITION" MEANS A PETITION FILED PURSUANT TO SECTION 14-5401.01, SUBSECTION A OR SECTION 14-5404, SUBSECTION A.
- 3. "PROTECTED PERSON" INCLUDES A PERSON WHO IS ALLEGED TO BE IN NEED OF PROTECTION.
- Sec. 3. Section 14-5414.01, Arizona Revised Statutes, is amended to read:

14-5414.01. State veterans' conservatorship fund

- A. The state veterans' conservatorship fund is established.
- B. All conservatorship monies collected pursuant to section 14-5414, subsection $\frac{1}{8}$ F shall be deposited, pursuant to sections 35-146 and 35-147, by the department of veterans' services in the state veterans' conservatorship fund. On notice from the department of veterans' services, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.
 - Sec. 4. Section 14-5419, Arizona Revised Statutes, is amended to read: 14-5419. Accounts; definition
- A. EXCEPT AS PROVIDED PURSUANT TO SUBSECTION F OF THIS SECTION, every conservator must account to the court for the administration of the estate not less than annually on the anniversary date of qualifying as conservator and also on resignation or removal, and on termination of the protected person's minority or disability, except that for good cause shown upon ON the application of an interested person, the court may relieve the conservator of filing annual or other accounts by an order entered in the minutes.
- B. The court may take such action as is appropriate upon ON filing of annual or other accounts. In connection with any account, the court may require a conservator to submit to a physical check of the estate in the conservator's control, to be made in any manner the court may specify.
- C. An adjudication allowing an intermediate or final account can be made only $\frac{\text{upon}}{\text{on}}$ ON petition, notice and a hearing. Notice must be given to:
 - 1. The protected person.
- 2. A guardian of the protected person if one has been appointed, unless the same person is serving as both guardian and conservator.
- 3. If no guardian has been appointed or the same person is serving as both guardian and conservator, a spouse or, if the spouse is the conservator, there be no spouse or the spouse is incapacitated, a parent or an adult child who is not serving as a conservator.
- 4. A guardian ad litem appointed for the protected person, if the court determines in accordance with section 14-1403 that representation of the interest of the protected person would otherwise be inadequate.

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- D. An order, made upon ON notice and a hearing, allowing an intermediate account of a conservator, adjudicates as to the conservator's liabilities concerning the matters considered in connection therewith. An order, made upon ON notice and a hearing, allowing a final account adjudicates as to all previously unsettled liabilities of the conservator to the protected person or the protected person's successors relating to the conservatorship.
- E. In any case in which the estate consists, in whole or in part, of benefits paid by the veterans administration to the conservator or the conservator's predecessor for the benefit of the protected person, the veterans administration office which THAT has jurisdiction over the area is entitled to a copy of any account filed under chapter 5, article 4 of this title. Each year in which an account is not filed with the court, the conservator shall, if requested, SHALL submit an account to the appropriate veterans administration office. If such an account is not submitted as requested, or if it is found unsatisfactory by the veterans administration, the court shall, upon ON receipt of notice thereof OF THE DEFICIENCY, SHALL require the conservator forthwith to file an account with the court PROMPTLY.
- F. UNLESS PROHIBITED BY ORDER OF THE COURT, THE CONSERVATOR MAY FILE WITH THE COURT, IN LIEU OF A FINAL ACCOUNT, A VERIFIED STATEMENT STATING THAT.
- 1. THE PROTECTED PERSON HAS DIED. THE CONSERVATOR SHALL ATTACH A CERTIFIED COPY OF THE PROTECTED PERSON'S DEATH CERTIFICATE TO THE STATEMENT.
- 2. THE PROTECTED PERSON'S SUCCESSORS HAVE ALL WAIVED IN WRITING THEIR RIGHT TO HAVE THE CONSERVATOR SUBMIT TO THE COURT A FINAL ACCOUNT OF THE CONSERVATOR'S ADMINISTRATION OF THE PROTECTED PERSON'S ESTATE. THE CONSERVATOR SHALL ATTACH THE ORIGINALS OF THE WRITTEN WAIVERS TO THE STATEMENT.
- 3. THE CONSERVATOR HAS DELIVERED A COPY OF A CLOSING STATEMENT TO THE PROTECTED PERSON'S SUCCESSORS. THE CONSERVATOR SHALL ATTACH A COPY OF THE CLOSING STATEMENT TO THE STATEMENT.
- G. THE CLOSING STATEMENT THAT IS TO BE DELIVERED TO THE PROTECTED PERSON'S SUCCESSORS SHALL BE A VERIFIED STATEMENT STATING THE FOLLOWING:
 - 1. THE PROTECTED PERSON HAS DIED AND THE DATE OF THE PERSON'S DEATH.
- 2. THE PERSONS RECEIVING THE CLOSING STATEMENT HAVE A RIGHT TO HAVE THE CONSERVATOR SUBMIT TO THE COURT A FINAL ACCOUNT OF THE CONSERVATOR'S ADMINISTRATION OF THE PROTECTED PERSON'S ESTATE.
- 3. IF THE PERSON WISHES TO HAVE THE FINAL ACCOUNTING REVIEWED BY THE COURT, THE PERSON SHOULD NOT SIGN A WAIVER THAT WAIVES THIS RIGHT.
- 4. IF ALL PERSONS RECEIVING THE CLOSING STATEMENT CHOOSE TO WAIVE THE RIGHT TO HAVE THE CONSERVATOR SUBMIT TO THE COURT A FINAL ACCOUNT, THE FINAL ACCOUNT WILL NOT BE REVIEWED BY THE COURT.

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- 5. A LIST OF THE PROPERTY OWNED BY THE PROTECTED PERSON, AS OF THE DATE OF THE PROTECTED PERSON'S DEATH, IS ATTACHED TO THE CLOSING STATEMENT AND THAT THE LIST STATES THE FAIR MARKET VALUE OF THE PROPERTY AS OF THE DATE OF THE PROTECTED PERSON'S DEATH.
- 6. THE CONSERVATOR, BY THE CLOSING STATEMENT, SHALL INFORM THE PROTECTED PERSON'S SUCCESSORS THAT IF THEY WAIVE COURT REVIEW OF THE CONSERVATOR'S FINAL ACCOUNT, THE CONSERVATORSHIP WILL BE TERMINATED, THE CONSERVATOR WILL BE DISCHARGED FROM ALL LIABILITIES RELATING TO THE CONSERVATORSHIP, THE BOND OR OTHER SECURITY POSTED BY THE CONSERVATOR WILL BE EXONERATED AND ANY RESTRICTIONS PREVIOUSLY IMPOSED ON THE ASSETS OF THE CONSERVATORSHIP WILL BE LIFTED.
- H. THE CONSERVATOR SHALL FILE AN AFFIDAVIT WITH THE COURT THAT STATES THAT THE CLOSING STATEMENT WAS SENT OR DELIVERED TO THE PROTECTED PERSON'S SUCCESSORS ON A DATE BEFORE THE DATE THAT THE PROTECTED PERSON'S SUCCESSORS SIGNED THE WRITTEN WAIVER.
- I. UNLESS PROCEEDINGS ARE PENDING AGAINST THE CONSERVATOR, ON THE FILING OF THE STATEMENT DESCRIBED IN SUBSECTION F OF THIS SECTION AND THE AFFIDAVIT DESCRIBED IN SUBSECTION H OF THIS SECTION, THE COURT SHALL ENTER AN ORDER TERMINATING THE CONSERVATORSHIP, DISCHARGING THE CONSERVATOR FROM ALL LIABILITIES RELATING TO THE CONSERVATORSHIP, EXONERATING AND RELEASING ANY BOND OR OTHER SECURITY POSTED BY THE CONSERVATOR AND RELEASING ANY RESTRICTIONS PREVIOUSLY IMPOSED ON THE ASSETS OF THE CONSERVATORSHIP.
- J. FOR THE PURPOSES OF THIS SECTION, "PROTECTED PERSON'S SUCCESSORS" MEANS:
- 1. THE PERSONAL REPRESENTATIVE OF THE PROTECTED PERSON'S ESTATE IF THE PERSONAL REPRESENTATIVE AND THE CONSERVATOR ARE NOT THE SAME PERSON.
- 2. IF THE CONSERVATOR AND THE PERSONAL REPRESENTATIVE OF THE PROTECTED PERSON'S ESTATE ARE THE SAME PERSON AND IF THE PROTECTED PERSON DIED INTESTATE, THE PROTECTED PERSON'S HEIRS.
- 3. IF THE CONSERVATOR AND THE PERSONAL REPRESENTATIVE OF THE PROTECTED PERSON'S ESTATE ARE THE SAME PERSON AND IF THE PROTECTED PERSON DIED TESTATE, THE DEVISEES UNDER THE PROTECTED PERSON'S WILL THAT HAS BEEN ADMITTED TO PROBATE.
 - Sec. 5. Section 14-5425, Arizona Revised Statutes, is amended to read: 14-5425. <u>Distributive duties and powers of conservator</u>
- A. A conservator may expend or distribute income or principal of the estate without court authorization or confirmation for the support, education, care or benefit of the protected person and the person's dependents in accordance with the following principles:
- 1. The conservator shall consider recommendations relating to the appropriate standard of support, education and benefit for the protected person made by a parent or guardian, if any. The conservator may not be surcharged for sums paid to persons or organizations actually furnishing support, education or care to the protected person pursuant to the recommendations of a parent or guardian of the protected person unless the

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conservator knows that the parent or guardian is deriving personal financial benefit therefrom FROM THIS ACTION, including relief from any personal duty of support, or unless the recommendations are clearly not in the best interests of the protected person.

- 2. The conservator shall expend or distribute sums reasonably necessary for the support, education, care or benefit of the protected person and the person's dependents with due regard to:
- (a) The size of the estate, the probable duration of the conservatorship and the likelihood that the protected person, at some future time, may be fully able to be wholly self-sufficient and able to manage business affairs and the estate.
- (b) The accustomed standard of living of the protected person and the person's dependents.
- (c) Other funds or sources used for the support of the protected person.
- 3. With respect to the affairs and estate of a minor, the conservator shall also consider the following factors in making estate distributions:
- (a) The financial responsibility and financial resources of the parents of the child.
- (b) Extraordinary custodial responsibilities undertaken by the parent or parents as the result of the child's physical or mental condition and the effect of these extraordinary responsibilities on appropriate gainful employment of the parent.
- (c) The physical and mental condition of the child and the child's medical and educational needs. Any incidental benefit to other members of the child's household derived from a distribution is not a disqualifying factor.
- (d) If the child is permanently and totally disabled, the standard of living the child should reasonably expect to enjoy given the financial resources available to the child.
- 4. The conservator may expend funds of the estate for the support of persons legally dependent on the protected person and others who are members of the protected person's household, who are unable to support themselves, and who are in need of support. If benefits are being paid by the veterans administration to the conservator, such income may be expended only for the support of the protected person and the person's spouse and minor children, except upon ON petition to and prior order of the court after a hearing.
- 5. Funds expended under this subsection may be paid by the conservator to any person, including the protected person, to reimburse for expenditures which THAT the conservator might have made, or in advance for services to be rendered to the protected person when it is reasonable to expect that they will be performed and where advance payments are customary or reasonably necessary under the circumstances.

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- 6. A conservator, in discharging the responsibilities conferred by a court order and this section, shall implement the principles described in section 14-5408 to the extent possible.
- B. When a minor who has not been adjudged disabled under section 14-5401, paragraph 2 attains majority, the conservator, after meeting all prior claims and expenses of administration, shall pay over and distribute all funds and properties to the former protected person as soon as possible.
- C. When the conservator is satisfied that a protected person's disability, other than minority, has ceased, the conservator, after meeting all prior claims and expenses of administration, shall pay over and distribute all funds and properties to the former protected person as soon as possible.
- D. If a protected person dies, the conservator may deliver to the court for safekeeping any will of the deceased protected person which THAT may have come into the conservator's possession or deliver the will to the personal representative named in the will. If the will is delivered to the personal representative named in the will, a copy of the will shall be filed with the court in the conservatorship proceeding. If the will is filed with the court, the conservator shall inform the personal representative or a beneficiary named therein IN THE WILL that the conservator has done so, and retain the estate for delivery to a duly appointed personal representative of the decedent or other persons entitled thereto TO THE ESTATE. If after forty days from the death of the protected person no other person has been appointed personal representative and no application or petition for appointment is before the court ANY OF THE FOLLOWING SITUATIONS EXIST, the conservator may apply to exercise the powers and duties of a personal representative so that the conservator may proceed to administer and distribute the decedent's estate without additional or further appointment:
- 1. FORTY DAYS AFTER THE DEATH OF THE PROTECTED PERSON ANOTHER PERSON HAS NOT BEEN APPOINTED PERSONAL REPRESENTATIVE AND AN APPLICATION OR PETITION FOR APPOINTMENT IS NOT BEFORE THE COURT.
- 2. ANOTHER PERSON HAS NOT BEEN APPOINTED PERSONAL REPRESENTATIVE AFTER THE PROTECTED PERSON'S DEATH, AN APPLICATION OR PETITION FOR APPOINTMENT IS NOT BEFORE THE COURT AND THE CONSERVATOR IS THE PERSON WITH PRIORITY AS DETERMINED BY A PROBATED WILL, INCLUDING A PERSON WHO IS NOMINATED BY A POWER CONFERRED IN A WILL.
- 3. ANOTHER PERSON HAS NOT BEEN APPOINTED PERSONAL REPRESENTATIVE AFTER THE PROTECTED PERSON'S DEATH, AN APPLICATION OR PETITION FOR APPOINTMENT IS NOT BEFORE THE COURT, AFTER THE EXERCISE OF REASONABLE DILIGENCE THE CONSERVATOR IS UNAWARE OF ANY UNREVOKED TESTAMENTARY INSTRUMENT RELATING TO PROPERTY LOCATED IN THIS STATE AND ALL THE HEIRS OF THE PROTECTED PERSON HAVE NOMINATED THE CONSERVATOR TO EXERCISE THE POWERS AND DUTIES OF A PERSONAL REPRESENTATIVE.

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- E. The conservator may include in such an application MADE PURSUANT TO SUBSECTION D OF THIS SECTION a request to probate the will of the deceased protected person OR TO ADJUDICATE THAT THE PROTECTED PERSON DIED INTESTATE AND TO DETERMINE THE PROTECTED PERSON'S HEIRS. On receipt of an application, the registrar, after making the findings required pursuant to section 14-3303, IF APPLICABLE, shall issue a written statement of informal probate, OR A STATEMENT OF INTESTACY, and shall endorse the letters of the conservator. The registrar may also enter the will of the deceased protected person to probate. The statement of the registrar under this section shall have the effect of an order of appointment of a personal representative as provided in section 14-3308 and chapter 3, articles 6 through 10 of this title, except that the estate in the name of the conservator, after administration, may be distributed to the decedent's successors without prior re-transfer RETRANSFER to the conservator as personal representative. EXERCISING THE POWERS AND DUTIES OF A PERSONAL REPRESENTATIVE AFTER THE DEATH OF THE PROTECTED PERSON, THE CONSERVATOR IS NOT REQUIRED TO ACCOUNT FOR THE ADMINISTRATION PURSUANT TO SECTION 14-5419 BUT IS SUBJECT TO THE RELATED DUTIES OF A PERSONAL REPRESENTATIVE FOR THE ADMINISTRATION.
- E. F. If a protected person dies, and on reasonable inquiry the conservator is unable to locate any person specified in section 36-831, subsection A, paragraphs 1 through 11 willing to assume the duty of burying the body of the decedent or making other funeral and disposition arrangements, the conservator may make reasonable burial or other funeral arrangements, the cost of which is a charge against the estate.
- F. G. The estate of a deceased protected person is liable for any unpaid expenses of the conservator's administration, and such expenses are a lien on property transferred by the conservator to the decedent's personal representative.

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